

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF OREGON  
PORTLAND DIVISION

NIKE, INC., an Oregon )  
corporation, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
VINCE LOMBARDI, JR., an )  
individual; SUSAN LOMBARDI, an )  
individual; and CMG WORLDWIDE, )  
INC., an Indiana corporation, )  
 )  
Defendants. )

No. CV-10-389-HU

OPINION & ORDER

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/ / /

1 - OPINION & ORDER

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7 HUBEL, Magistrate Judge:

8 Plaintiff Nike, Inc. brings this action against defendants  
9 Vince Lombardi, Jr., Susan Lombardi, and CMG Worldwide, Inc. The  
10 action against the individual defendants is brought against them as  
11 fifty percent owners of the intellectual property of the late Vince  
12 Lombardi.

13 All parties have consented to entry of final judgment by a  
14 Magistrate Judge in accordance with Federal Rule of Civil Procedure  
15 73 and 28 U.S.C. § 636(c). Defendant CMG moves to dismiss the  
16 action for failure to join an indispensable party. I deny the  
17 motion.

#### 18 BACKGROUND

19 The background, based on the facts as alleged in the  
20 Complaint, is fully set out in the August 11, 2010 Opinion & Order  
21 denying CMG's motion to dismiss for lack of personal jurisdiction  
22 and alternative motion to transfer. Any additional facts are  
23 referenced in the discussion below.

#### 24 STANDARDS

25 Defendants move to dismiss for failure to join an  
26 indispensable party under Federal Rule of Procedure 19. Fed. R.  
27 Civ. P. 12(b)(7). Rule 19 requires a two-step analysis to  
28 determine whether a party should or must be joined. Takeda v.

1 Northwestern Nat'l Life Ins. Co., 765 F.2d 815, 819 (9th Cir.  
2 1985). Under Rule 19(a), the court must first determine whether  
3 the party is necessary or required. Id. A party is necessary if

4 (A) in that person's absence, the court cannot accord  
5 complete relief among existing parties; or (B) that  
6 person claims an interest relating to the subject of the  
7 action and is so situated that disposing of the action in  
8 the person's absence may (i) as a practical matter impair  
or impede the person's ability to protect the interest;  
or (ii) leave an existing party subject to a substantial  
risk of incurring double, multiple, or otherwise  
inconsistent obligations because of the interest.

9 Fed. R. Civ. P. 19(a)(1).

10 The "complete relief" inquiry concerns only the relief as  
11 between the existing parties, not between an existing party and the  
12 absent party whose joinder is sought. Confederated Tribes of  
13 Chehalis Indian Reservation v. Lujan, 928 F.2d 1496, 1501 n.3 (9th  
14 Cir. 1991). And, the "appropriate focus" in determining the  
15 necessity of a party under Rule 19(a) is on the "practical  
16 ramifications of joinder versus nonjoinder." Puyallup Indian Tribe  
17 v. Port of Tacoma, 717 F.2d 1251, 1255 (9th Cir. 1983) (internal  
18 quotation omitted).

19 If the party is necessary, but its joinder will destroy  
20 jurisdiction, then the court must consider whether "in equity and  
21 good conscience" the action should proceed without his joinder.  
22 Takeda, 765 F.2d at 819; see also EEOC v. Peabody W. Coal Co., 400  
23 F.3d 774, 779 (9th Cir. 2005) (noting that whether a party is  
24 indispensable to an action involves "three successive inquiries"  
25 with the first determining whether the absent party is "required,"  
26 the second determining the feasibility of joinder, and the third,  
27 if the absent party is required and cannot feasibly be joined,  
28 determining whether "in equity and good conscience," the action

1 should proceed among the existing parties or should be dismissed).

2 Four factors are relevant to the indispensable inquiry:

3 (1) the extent to which a judgment rendered in the  
4 person's absence might prejudice that person or the  
5 existing parties; (2) the extent to which any prejudice  
6 could be lessened or avoided by: (A) protective  
7 provisions in the judgment; (B) shaping the relief; or  
8 (C) other measures; (3) whether a judgment rendered in  
9 the person's absence would be adequate; and (4) whether  
10 the plaintiff would have an adequate remedy if the action  
11 is dismissed for nonjoinder.

12 Fed. R. Civ. P. 19(b). Only if the court determines that the  
13 action must be dismissed is the party deemed indispensable.

14 McLaughlin v. International Ass'n of Machinists and Aerospace  
15 Workers, 847 F.2d 620, 621 (9th Cir. 1988).

#### 16 DISCUSSION

17 CMG argues that plaintiff's long time advertising agency,  
18 Wieden + Kennedy (WK) is a necessary/required party which may not  
19 be joined without destroying this Court's diversity jurisdiction  
20 and thus, WK is an indispensable party and this action must be  
21 dismissed. In support of the motion, CMG relies on additional  
22 facts not included in the Complaint. The evidence consists of  
23 emails written by WK employees, plaintiff's employee Mark  
24 Thomashow, other employees of plaintiff, and CMG employee Mark  
25 Roesler.

26 The emails show that WK was working on an ad, called the  
27 "Voyeur," which, in concept, was going to use what WK thought was  
28 a speech given by Vince Lombardi. There are emails from WK to  
29 plaintiff inquiring if the license to the speech had been obtained,  
30 indicating that WK was going to also contact NFL films in an  
31 attempt to locate the original speech, and inquiring if Thomashow  
32 would inquire whether it would be possible to get permission to do

1 a voiceover if WK did not like how the original speech sounded.

2 Other emails sought clarification that a \$150,000 licensing  
3 had been paid. July 2008 emails suggest that there was some  
4 confusion by Thomashow who thought that WK already had a copy of  
5 the speech, and expressing frustration that he had not been told  
6 that a voiceover request was possible. Several emails in July 2008  
7 sought to clarify what WK already had in terms of an audio of the  
8 speech. In late July 2008, Thomashow emailed CMG's Roesler and  
9 stated that WK had not actually heard the speech, but had read it  
10 in a book by Vince Lombardi, Jr. Thomashow expressed interest in  
11 obtaining a sound recording of the speech and asked Roesler if he  
12 knew of any "cache" of Lombardi speeches.

13 A couple of other emails in late July 2008 indicated that the  
14 original speech could not be found, but that pursuing "Vince Jr" to  
15 re-record "for the same cost as the original" should be pursued.  
16 But, a WK employee then indicated that WK would prefer that before  
17 moving forward, WK wanted to first award the job, talk with the  
18 director, and "have a final treatment" including voiceover talent.

19 The next emails are dated in January and February 2009, when  
20 WK asked Thomashow about the financial liability of the \$150,000  
21 payment if the speech was not used. Thomashow indicated that he  
22 had had no communication about the speech since July 29, 2008, and  
23 that CMG had already paid the Lombardis. He stated he had never  
24 been told there was a chance the speech would not be used. In a  
25 separate email to someone at Nike, as well as to the person at WK,  
26 Thomashow stated that the \$150,000 was paid for the rights based on  
27 misinformation from WK as to what they wanted and what existed.

28 In February 2009, Thomashow learned from another Nike employee

1 that it was likely the speech would not be used in the ad. The  
2 Nike employee indicated that they would still pay for it, but it  
3 was likely it would not be used. Thomashow then wrote to Roesler  
4 explaining that the speech was not going to be used because it  
5 ended up not being right for the concept. He told Roesler that he  
6 was disappointed that WK never told him not using the speech was a  
7 possibility and that WK did not ask Thomashow to build in a "kill  
8 fee" if the speech was not used. Thomashow then asked Roesler to  
9 pay back the \$150,000.

10 Finally, there are several emails from June and July 2009,  
11 regarding finishing the filming of the video.

12 CMG argues that the emails show that WK was responsible for  
13 the origination, design, production, release, and placement of the  
14 ad campaign that was to use the Lombardi intellectual property or  
15 the Lombardi speech. CMG asserts that the emails show that WK was  
16 responsible for locating the audio of the Lombardi Speech, or in  
17 the alternative, that WK was planning on using a voiceover should  
18 WK be unable to locate the actual audio or the audio was not of  
19 sufficient quality. According to CMG, plaintiff's sole  
20 responsibility was to secure the rights to the Lombardi  
21 intellectual property.

22 CMG contends that based on WK's primary role in the  
23 circumstances underlying this action, WK is a required party which  
24 should be joined, and further, that WK is indispensable to this  
25 action. Generally, CMG argues that by failing to add WK, plaintiff  
26 has sought to exclude from the court's, and ultimately the jury's,  
27 consideration the detailed facts and circumstances associated with  
28 the negligence and contributory liability of WK acting on behalf of

1 plaintiff in regard to the speech.

2 I. Rule 19(a) - Necessary or Required Party

3 The first inquiry of a Rule 19 joinder analysis is whether the  
4 party to be added is necessary or required. As stated above, a  
5 party is necessary or required if, "in that person's absence, the  
6 court cannot accord complete relief among existing parties." Fed.  
7 R. Civ. P. 19(a) (1) (A).

8 CMG argues that complete relief cannot be afforded to either  
9 it or the Lombardis if WK is not joined. Specifically, CMG argues  
10 that WK "holds the key to CMG's absolute defense of the one and  
11 only cause asserted against CMG, fraud[.]" Deft CMG's Mem. at p.  
12 9. CMG bases its argument on the following: (1) WK was  
13 responsible for the planning and design of the advertising campaign  
14 in which the speech was to be used; (2) the payment for the rights  
15 to use the Lombardi intellectual property was to be attributed to  
16 WK's budget; (3) the existence of the speech notwithstanding, WK  
17 was prepared to use a voiceover as opposed to the voice of  
18 Lombardi himself; (4) WK negligently failed to confirm that the  
19 Lombardi Speech did not exist in audio form, nor did it seek to  
20 confirm the availability as WK should have because the industry  
21 standard of practice requires the advertising agency to do so; and  
22 (5) WK did not communicate that the speech may not be used in the  
23 campaign in any form, depriving plaintiff of the chance to  
24 negotiate a "kill fee" in such a circumstance.

25 As I understand CMG's argument, it anticipates defending the  
26 fraud claim asserted against it by plaintiff by arguing that (1)  
27 given the facts regarding WK's involvement, CMG's alleged  
28 misrepresentation about the existence of the voice recording was

1 not material to plaintiff, or (2) plaintiff's reliance on the  
2 misrepresentation was not reasonable, or (3) in the end, plaintiff  
3 suffered no damages caused by CMG's alleged misrepresentation about  
4 the existence of the recording because the recording was not used  
5 by WK based on a creative decision. CMG contends that if WK is not  
6 made a party, it will be prejudiced and unable to obtain full  
7 relief.

8 Notably, CMG fails to explain why it will suffer such  
9 prejudice in WK's absence. I agree with plaintiff that if CMG is  
10 able to cast blame on WK, plaintiff will recover nothing in this  
11 lawsuit and CMG will be provided complete relief in the form of a  
12 verdict in its favor on the only claim against it. Nothing  
13 prevents CMG from making its argument at trial. CMG may subpoena  
14 WK witnesses and offer evidence in support of its theory of the  
15 case. As I explained at oral argument, CMG gets to point to the  
16 empty chair, an opportunity most defense attorneys would relish.  
17 And, alternatively, if CMG fails to convince the jury that WK is at  
18 fault, plaintiff will be awarded damages accordingly, whether WK is  
19 a party or not. In either event, the existing parties will be  
20 accorded full relief.

21 In a recent case, Judge Stewart came to the same conclusion.  
22 In Hurley v. Horizon Project, Inc., No. CV-08-1365-ST, 2009 WL  
23 5511205 (D. Or. Dec. 3, 2009), adopted by Judge Redden (D. Or. Jan.  
24 15, 2010), Judge Stewart rejected an argument similar to the one  
25 made by CMG here. As she noted, the county defendants in the case  
26 contended that complete relief under Rule 19 could not be afforded  
27 in the absence of the State of Oregon as a party because the State  
28 was liable for some or all of the plaintiff's injuries. Id. at \*7.



1 The county defendants, she noted, believed they would be "left  
2 holding the bag" without the State's presence. Id. The county  
3 defendants argued that their concerns over their ability to "pin  
4 blame on the State" were valid considerations in the "complete  
5 relief" analysis and compelled a finding that the State was a  
6 necessary party. Id.

7 Judge Stewart rejected the argument, explaining first that  
8 joinder of a joint tortfeasor with "the usual 'joint-and-several'  
9 liability" is regulated by Rule 20, governing permissive joinder.  
10 Id. "[A] joint tortfeasor is not a necessary party to a lawsuit  
11 under FRCP 19[.]" Id. Then, she explained that the county  
12 defendants could be afforded complete relief:

13 The county defendants remain free to contend that  
14 Hurley's injuries were caused by the State's actions.  
15 They may subpoena state witnesses and offer evidence in  
16 support of their arguments. Because the State will not  
be present to defend itself, it is difficult to  
understand how its absence will prejudice the county  
defendants.

17 Id. at \*8.

18 The same is true here for CMG. Given that CMG can call WK  
19 employees as witnesses and can submit the email evidence at trial,  
20 CMG, like the county defendants in Hurley, is "free to contend that  
21 [the plaintiff's] injuries were caused by [WK's] actions." WK is  
22 not a necessary or required party under Rule 19(a)(1).

23 II. Rule 19(b)

24 Hurley and other cases indicate that if the party sought to be  
25 joined is not necessary/required, then the Court does not proceed  
26 to the Rule 19(b) analysis. Id. at \*10; e.g., LNG Dev. Co., LLC v.  
27 Port of Astoria, No. CV-09-847-JE, 2010 WL 143821, at \*5 (D. Or.  
28 Jan. 5, 2010) (when party was not necessary under Rule 19(a), court

1 does not reach question of whether the party is indispensable under  
2 Rule 19(b)).

3 CONCLUSION

4 Defendant CMG's motion to dismiss [29] is denied.

5 IT IS SO ORDERED.

6 Dated this 16th day of November, 2010.

7  
8 /s/ Dennis J. Hubel

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Dennis James Hubel  
United States Magistrate Judge